CANADA URBAN INSTITUTE

Canada-Paraguay Municipal Cooperation Program

Third Semi - Annual Report
(April 01-September 30, 1998)

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CANADIAN URBAN INSTITUTE

In partnership with
GOBERNACIÓN DEPARTAMENTO CENTRAL (GDC)

With the participation of
MUNICIPALIDAD DE AREGUÁ
MUNICIPALIDAD DE GUARAMBARÉ
MUNICIPALIDAD DE LUQUE

Canada-Paraguay Municipal Cooperation Program (CPMCP)

Third Semi-Annual Report
for the period
April 01 - September 30, 1998

1. Introduction

The Canadian Urban Institute (CUI) is undertaking the *Canada-Paraguay Municipal Co-operation Program on Strategic Urban Management* (CPMCP) in partnership with the Gobernación Departamento Central (GDC), a recently established regional government unit located in Paraguay's National Capital Region. The program builds on the CUI's 1996 pilot project in community-based planning with the GDC, which was funded by CIDA's Canadian Partnership Branch.

The CPMCP, which was initiated April 1997, is being conducted over a 30-month period. Approximately C$1,600,000 have been allocated to the project. The Canadian International Development Agency (CIDA) through the *Canada-Southern Cone Technology Transfer Fund* is contributing C$750,000. Counterpart contributions (in-kind and other) being provided by other organizations are approximately: Canadian Urban Institute (C$331,500), the GDC (C$351,000) and other participating Canadian organisations (C$181,200).

The ***goal*** of the CPMCP is to support Paraguay's decentralisation process by facilitating effective and efficient local governance through the transfer of Canadian urban management expertise. Its ***purpose*** is to support the Central Department in its initiatives to strengthen the capacity of its constituent municipalities to manage local affairs in accordance with the principles of sustainable development.

The program has ***three sets of inter-related activities***:

(1) establishing a process for formulating and implementing a strategic development plan in three municipalities within the Central Department;

(2) promoting stakeholder involvement in three municipalities within the Central Department; and

(3) upgrading of technical and organisational skills in three municipalities within the Central Department.

The CPMCP is designed to transfer leading-edge Canadian urban and municipal management practices in several areas including: strategic planning, public and multi-stakeholder involvement in decision-making, intergovernmental cooperation, municipal organisational effectiveness, local economic development, technical aspects of territorial planning, and environmental management.

To implement the project, the CUI is working alongside the Central Department's newly established (1996) Office for Municipal Support (OMS). Three municipalities are participating in the program -- Areguá, Guarambaré and Luque.

2. Background

2.1 Historical Context

In 1524, Alejo Garcia was the first Spaniard to appear on the South American territory of what today is known as Paraguay. In search of gold in the "New World," he organised an expedition up the Rio de la Plata, continuing in a north-west direction towards "El Dorado" (the Inca Empire in what is today Perú). On its way, this expedition passed through for the first time territory that would, in the future, be called Paraguay. In 1537 another Spanish expedition, led by Cap. Juan de Salazar, followed García's route up the Río de la Plata toward "El Dorado," stopping in a quiet bay in which the indigenous people (known as Guarani) were friendly. In this place, Cap. Juan de Salazar made a pact with Cacique Caracara and established a fort named "Nuestra Señora de la Asunción." The subsequent arrival of the Spaniards was viewed with mixed emotions by the Guaraní. Many fled and still others put up resistance to be eventually overcome. But over the long run, the Guaraní absorbed the Spaniards into their social system. What emerged was a hybrid Spanish-Guaraní culture, but in which Spaniards dominated politically.

Until their expulsion in 1767, the Jesuit Missions led the colonization of Paraguay, introducing many aspects of Spanish culture and European agricultural technologies. By the end of the 18th century, Paraguay was incorporated into the colonial administration of the Provinces of the Río de la Plata, with Buenos Aires as its capital. But the advent of Napoleon in Europe brought about the fall of the Spanish Empire leading to Paraguay declaring its independence in 1811. Shortly thereafter, many of the remaining provinces of the Río de la Plata followed suit and merged into the newly formed states of Argentina and Uruguay.

In 1811, Dr. Rodriguez de Francia -- known as "El Supremo" -- became Paraguay's dictator for life. The xenophobic ruler maintained control for nearly 40 years, virtually closing borders to the outside world and forcing the country to become self-sustaining. He was followed by Carlos Antonio López who ruled until 1864. López ended Paraguay's isolation and led the building of the country's infrastructure including the military, railways and telegraph. He was succeeded by his son Francisco Solano Lopez, who involved his country in the disastrous war with the Triple Alliance (Argentina, Uruguay and Brazil). Ending in 1870, the war resulted in the loss for Paraguay of 20 percent of its

population (including it is estimated 90 percent of its young male population) and about 140,000 square kilometres of territory.
For Paraguay, most of the 20th century has been marked by continued political and economic instability and strife. This included two wars: the first was the Chaco War (1932-35) with Bolivia over the borders of the desert region known as the Chaco; the second, was a brief civil war which brought the Colorado Party to power in 1947 and led to General Alfredo Stroessner's 35-year dictatorship commencing in 1954.

Since independence from Spain in 1811, political power in Paraguay has been held under centralized authoritarian rule and a strong Presidential system of governance. With the exception of two brief interludes of democracy in the early 1900s, this century has seen a string of dictatorial governments in Paraguay. The most notable of these was General Stroessner who ruled the country with an iron fist from 1954 until 1989. He developed Paraguay into a single-party political system and vested significant powers with the military. The legacy for Paraguay is a weak democratic tradition, and in particular local government units that lack the experience to assume the powers that are now being decentralised to them.

2.2 Political and Economic Reforms in the 1990s

Following the overthrow of Stroessner in 1989, Paraguay began a peaceful though cautious transition to democracy. In 1991 for the first time in the country's history, local governments were democratically elected. This was followed by the adoption of a new Constitution in 1992, and Presidential and Congressional elections in 1993. This has been accompanied by an ongoing process of judicial reform and progress in the area of human rights.

Paraguay has also initiated a program of economic reforms aimed at growth, stabilization and integration in the regional and global economies. In 1992 after much soul searching, Paraguay joined MERCOSUR. This brings Paraguay into a common market with the other Southern Cone nations of Brazil, Argentina, Uruguay and Chile (which is at this time only an associate member). Membership in the world's fourth largest trading bloc (representing 200 million consumers) is already having a positive impact on the economy (although many Paraguayan economists claim that Paraguay does not have equal status in MERCOSUR). Protectionist trade policies have been liberalized, regional trade has increased, and industrial and agricultural competitiveness has been stimulated.

Despite these political and economic reforms, Paraguay remains a fragile democracy. An April 1996 attempted coup is testimony of this fact. By the same token though, there appears to be strong popular support for democracy, especially amongst the country's growing middle class. A positive sign of this was the well-organized public resistance to the attempted 1996 coup. Widespread public demonstrations in defense of the reforms provided the democratically elected President with the support and confidence he needed to hold on to power during this leadership challenge.

Over the past year however, the situation reverted. Months before the presidential elections, President Wasmosy began to lose support both at a national level (due to current economic crisis) and within the Colorado Party. In time, General Oviedo (syndicated as the main person responsible for April 1996 coup attempt) presented himself as candidate for the Colorado Party inner elections and won. At the time, the courts claimed that he was ineligible because of a pending case before the judicial systems. These claims alone did not succeed and Oviedo remained as the Colorado Party

candidate. Then in April'98, just one month before the elections, Oviedo received a Military Court Sentence confirmed by the Supreme Court of Justice which sent him to prison. His Vice-President, Ing. Raul Cubas, then became Colorado candidate for Presidential Elections with the promise of future indulgence to Oviedo. Cubas won the elections for President in what many are now calling "the most democratic elections yet in Paraguay." Although overall the Colorado party won the leadership of 80% of the Departments, in the Central Department the Liberal party won with Martin Sanemmann for Governor. Mr. Sanemmann's administration was inaugurated in September and lasts for four years.

2.3 Decentralization

As in many other Latin American countries emerging from dictatorship into democratic governance, Paraguay has initiated its first steps towards decentralization. The new Constitution of 1992, the corresponding Law of Municipal Administration and the 1994 Law of Departmental Administration have provided local government units -- Departmental and Municipal -- with autonomy over the management of certain responsibilities.

Departmental governments were granted the authority to undertake regional planning (in coordination with local development plans), coordinate regional activities, organise common services jointly affecting more than one municipality, promote intergovernmental cooperation among constituent municipalities and to act as the body that coordinates local actions with the programs of the National Government.

Under this same framework, municipalities were given the responsibility for a fairly wide range of activities including territorial planning, development control, urban design, local economic development (including local tourism promotion), heritage conservation, environmental and natural resource management, and accessing international and national private and public credit.

There remain significant constraints to decentralisation in Paraguay. The legacy of a highly centralised governance system continues to hamper the devolution of powers. Although local authorities have been given many new responsibilities, they do not have the financial, human or technical capacities needed to deal effectively with the range of complex challenges facing them. The power of departments and municipalities to raise revenue is limited. Corruption in the public service is pervasive. There is a shortage of skilled and experienced urban professionals, especially those willing to work within the current local government structure which offers low pay and lack of tenure from one administration to the next. Most Paraguayan local authorities have no experience in public participation in decision-making, and a poor track record of working with civil society. All of these factors threaten a successful transition to democratic and decentralised governance.

2.4 The Development Problematique

2.4.1 The Central Department (GDC).

The GDC is the regional government unit representing the peripheral ring of the Asuncion urban

region (population 1.4 million of which 900,000 reside in the GDC). The Central Department has both urban and rural areas, with 19 well-established urban sub-centres. It is the industrial motor of Paraguay and is under intense development pressures due to an annual population growth rate of 6.4 percent, compared to the national average of 3.8 percent. The GDC suffers from all the symptoms of a rapidly expanding human settlement on the urban-rural fringe which lacks strategic development plans to control growth in an orderly and sustainable fashion. There are many factors contributing to this situation:

- Significant in-migration to Asuncion from hinterland settlements is resulting in rapid population growth. This migratory movement is spreading around Asunción, forming a suburban "poverty belt" with a total lack of planning and infrastructure, making it impossible to meet the basic needs of the inhabitants of these settlements. A complex sociologic situation is building on near economic collapse (sub-employment, unemployment), educational and cultural crisis (loss of identity and culture), giving as results: rising crime rates, endemic health problems, and a very low standard of living.
- Over 60 percent of the nation's industry is concentrated in the Central Department, due to a centralisation of infrastructure, communications and services around the capital area. More recently, the Central Department has become a nexus with two of Paraguay's main MERCOSUR trading partners (Argentina and Brazil) and because all of the main transportation corridors extend southward from the Capital through the department. This industrial growth has not been accompanied by adequate regulation of industrial sites and facilities, due to the lack of adequate planning and cooperation between the different levels of government.
- There are inadequate infrastructure and services to handle the residential and industrial growth and development.
- Uncontrolled urban development is causing a proliferation of serious environmental problems, including the poisoning of ground water due to inadequate treatment of domestic wastes, solid waste management problems, soil erosion because of the wholesale removal of vegetative cover during development, and widespread deforestation because of agriculture and the local cottage-based pottery industry which uses wood-fired kilns. With the loss of forest cover comes erosion, overloading of watercourses, and ultimately the siltation and eutrophication of one of Paraguay's few recreational lakes, Lake Ypacaraí.

2.4.2 Participating Municipalities

The CPMCP is strengthening the urban management capacities of three of the Central Department's 19 municipalities:

(1) Areguá. The Municipality of Areguá, which is also the seat of the Departmental Government, is located to the east of Asuncion and has a population of 31,000. The town's landscape developed respecting existing land formations. During the 1880s, Areguá grew organically between the cathedral sitting atop the hill and the shores of Lake Ypacaraí. Areguá was already a tourist destination during the 1800s. The town's tranquil village life, beautiful architecture, a hilly and treed landscape, cool summer breezes, and the reputed medicinal value of the waters of Lake Ypacaraí brought about its development as a tourist destination. The advent of the railway in 1862 with service between Asuncion and Areguá gave additional impetus to this development. Splendid homes,

designed in the Spanish Colonial style, were built along the railway axis and in the town. Most of these homes are today preserved and, with few exceptions, belong to well-to-do weekend dwellers from Asuncion and wealthy Areguenians. Stagnation as a tourist destination was brought about by the advent of the automobile and the development of a rival tourist area across Lake Ypacaraí, San Bernardino. The tourist assets of Areguá hold great potential for economic development.

Today the economy of Areguá is anchored by the cottage-based ceramic industry. 45 percent of Areguá's population is involved in creating pottery using pre-industrial production methods. The industry has become the object of attention of many organisations that are attempting to increase the range and quality of its products. Commerce has developed along the major arterial access routes into Areguá, with stores that provide basic commodities. More than 6,000 people are involved in agriculture. With the exception of the dairy farms, production is barely above subsistence levels. Extensive mining has been carried out in the areas of Cerros (hills) Koi and Chorori in the past. These geographic formations have recently been declared *Protected National Areas* because of the rarity of their soil horizons, (these peculiar geological formations can only be found in two other regions -- Canada and South Africa). Closure of mining operations are jeopardising the livelihoods of 5,000 people in the area.

The municipality has diverse political representation. The Mayor represents a faction of the Liberal Party. The 12-person Municipal Council is comprised of 2 representatives from the National Unity Party, 5 from the Colorado Party (nationally the ruling party) and 5 from the Liberal Party. Additionally it has 40 registered and legally recognised neighbourhood committees.

There are five issues in Areguá which will have a direct bearing on its future development: (1) The polarisation of vision over the future development of the community by the wealthy weekenders on one hand and the potters, farmers, miners and small business people on the other, (2) The conflict between the economic benefits of the ceramic industry and the environmental impact caused by the use of wood-burning kilns, (3) A desire at the municipal level to introduce an economic plan based on tourism development, which is constrained by a lack of tourist infrastructure and community attitudes, (4) The need to introduced community partnership and involvement in the formulation and implementation of a strategic development plan, (5) The urgent need to regenerate Lake Ypacaraí. The challenge is to establish a regional watershed authority which promotes cooperation among the two departments and 13 municipalities at the lakehead. The goal is to stem its eutrophication and pollution by industrial waste discharge.

(2) Guarambaré. The Municipality of Guarambaré, located to the south east of Asuncion, has a population of 16,000 inhabitants. Close to 45 cent of the working population is employed in the sugar industry, either for the two sugar mills, La Felsina and Vaesken, or with the suppliers of sugar cane. Production of sugar cane reaches over 150,000 tonnes per year. The rest of the labour force is either involved in dairy farming, small businesses or work in Asuncion. The arts and crafts industry is also significant. There is a limited production of "ñanduty" lace (which literally translates as spiderweb) and sales are of a private nature. Some pottery is produced and cement containers are also manufactured. There is additionally a small leather industry that specialises in the manufacture of jackets. Guarambaré is developing as a regional shopping area and serves the neighbouring towns of Villeta and Nueva Italia as a market place.

There are a number of bus lines that go through Guarambaré, providing it with adequate access to

Asuncion and neighbouring towns. A branch of Highway No. 1 goes through the centre of town and links Guarambaré with the neighbouring cities of Villeta, Villa Italia and Ypane.

Guarambaré's council and mayor are now aligned with the officialist branch of the Colorado Party (i.e., they supported President Wasmosy and the recently elected President Raul Cubas).

The main challenge facing Guarambaré is the combined issues of promoting economic development while controlling rapid development. In particular this issue is focused on the construction of the new southern highway access to Asuncion, which is expected very shortly. It is anticipated that the junction of the southern access highway with the branch of Highway No.1, which is approximately one kilometre from the centre of town, will be an ideal location for the establishment of new businesses because of its strategic location. Thus, Guarambaré is facing the need to: (1) assess the social, environmental and economic impacts of the highway project and junction, and (2) develop a strategic development plan with widespread community support to mitigate expected negative impacts of the highway, to take advantage of key economic opportunities that it brings, to shape future growth and to retain Guarambaré's present community values.

(3) Luque. Luque is considered an "A" class municipality because it has a population of over 180,000 inhabitants. "A" class municipalities are the most developed with the resources and capacity to assume additional decentralised responsibilities. Correspondingly it has a larger municipal council than the "B" type municipalities -- 20 councillors instead of 12. Only 11 municipalities in the Asuncion metropolitan area fall into this category. Luque is to the north-east of and contiguous to the City of Asuncion.

Luque, which is largely urban with some rural areas, has a large and well-established commercial centre. The city has become famous for its arts and crafts industry, in particular the manufacturing of gold jewellery and musical instruments (mainly guitars and harps). Also at the centre of the industrial economy are the manufacture of furniture, leather products, shoes, clothing (such as hats) and fireworks. Asuncion's international airport is located within Luque and it is viewed by the municipality as an economic asset that should be exploited (e.g., currently there are no hotels in the vicinity of the airport). Agriculture continues in the rural parts of Luque, but on a subsistence basis with many of the remaining small farms struggling to survive with obsolete technology. Luque, as a lakehead municipality having a small waterfront, also has a stake in the regeneration of Lake Ypacaraí.

The Mayor of Luque is a Liberal who supports the "officialist" faction within the party. There are currently 203 recognized neighbourhood associations.

There are several critical issues facing the municipality. (1) The current municipal administrative structure, practices and processes are not adequate to handle all of the responsibilities that have been decentralized. An increasing lack of internal communication and coordination of activities jeopardize the institutional efficiency as a community service provider; resulting in a poorer image. Consequently, community and political support are declining. A reorganisation of the municipal system is needed in order to overcome this situation in an efficient and effective manner, (2) There is a need to get the public more closely involved in the planning and management of the city given these new powers at the local level. Luque must develop an appropriate strategic development plan that has the full support of community-based organisations.

2.5 Program Management Structure

The CPMCP is a technical cooperation program of the ***Canadian Urban Institute*** that is being implemented through a partnership with the ***Central Department (Office of Municipal Support).*** Three municipalities are participating in this capacity development program -- ***Areguá, Guarambaré and Luque***.

The ***CPMCP Project Team*** is comprised of 12 professionals as follows: (1) the CUI is providing three full-time staff members to the team -- a Canadian project manager, a Strategy Development Coordinator and a Communications Coordinator, (2) the Central Department has provided three professionals from the Secretariat of Environment and Urban Development to work on the project, and (3) each municipality has seconded two "interlocutors" to lead the local strategy development process. A 20-person, multi-stakeholder *Steering Committee* is providing strategic directions to the program in Paraguay. *Community Action Teams* (originally called Municipal Action Teams) have been formed in order to coordinate the implementation of the program at the local/community level.

To provide professional guidance and input to the program on the Canadian side, a *Canadian Advisory Committee* has been formed.

3. Summary of Program Status

During the last six months, the CPMCP has continued its progress towards achieving its stated purpose and activities. In the reporting period the project has moved to a more mature state with attention being given to consolidating the advances made in previous periods, and to inducing increased ownership of initiatives and processes by the project beneficiaries. Since August 1998, the CPMCP has been geared towards a more action-oriented approach.

The project is proceeding on budget. Normal delays caused by government transitional periods (departmental and general elections in May, as well as change of administration in September) affected temporarily the project schedule but the project office and its local management systems are now functioning with good integration with decision-making processes of the partner organization (GDC) and the participating municipalities. The 12-person project team (3 CUI local staff, 3 GDC staff and 6 seconded professionals from the participating municipalities) continues working well together on the project.

The cooperation agreement that sets forth the roles and contributions of various parties continues to guide the GDC and the three participating municipalities in undertaking their counterpart activities and responsibilities. The project's multi-stakeholder Steering Committee met on a quarterly basis to provide guidance to the implementation of the CPMCP and to ensure that it continues to meet local needs and adapt to a changing local environment. The Committee met on July 17th to evaluate the progress of the CPMCP, to provide update on activities and to provide advise on future directions for the project. The next meeting is planned for December 1998. The members of the Canadian

Advisory Committee, which was established earlier this year to provide the necessary guidance on the Canadian side to technology transfer and capacity building activities, have been regularly kept informed on the progress of the project, and consulted whenever the need arises. An Advisory Committee meeting is being planned for the first quarter of 1999, and would take place in Toronto.

During this reporting period, the project initiated transition from the strategic planning process in each of the municipalities of Areguá, Guarambaré and Luque, to the implementation of the strategic community-based projects. With the active participation of the Community Action Teams, each municipality began the implementation of demonstration projects based on their respective "Strategic Decision Frameworks", and with Canadian technical assistance. This process involves an action learning process for the planning, implementation, monitoring and evaluation of tangible projects. In particular, action planning/implementation, stakeholder involvement and outreach, capacity building and technology transfer activities are being undertaken in Paraguay. The focus of the demonstration projects has been: 1) in Areguá, on the development of a sustainable, community-based tourism industry built primarily on a well-organized arts and crafts community/industry, 2) in Guarambaré, on the development of municipal and community skills in territorial planning, social and environmental assessment and economic development to ensure an orderly urban development given the presence of the new South Access Highway that will cross through the municipality, and 3) in Luque, on the promotion of development through the preparation of an urban transportation strategy, and the development of sustainable tourism initiatives. Key aspects of tourism promotion in both Luque and Areguá include providing support to local artisans and taking advantage of the location of the international airport in Luque.

Thanks to capacity building and technology transfer activities in both Paraguay and Canada, some important progress was made in these demonstration projects over the last reporting period. In Paraguay, technical training was given in both Guarambaré and Luque last August by a Canadian municipal development specialist, Mr. Carlos Salazar, Director of Long Range Planning at the Regional Municipality of Sudbury, Ontario. Mr. Salazar designed and delivered a series of workshops on territorial planning and environmental impact assessment in Guarambaré, and transportation planning in Luque, as well as informally provided strategic advice and guidance to key local development actors involved in the planning and implementation process (see terms of reference and program in Appendix E).

As a result of this technical assistance, each of the municipalities of Luque and Guarambaré generated an Action Plan and Recommendations document (see Appendices B and C). These two documents were prepared with the active involvement of volunteers from each community. According to participants to the workshops, it is likely the first time in Paraguay that community members were directly involved in the preparation of an official planning and policy recommendations report addressing municipal development issues. Following the Action Plan documents production, validation sessions were conducted in each of the two municipalities and involved community members and municipal officials. This technical assistance to the two municipalities has contributed to gaining momentum with their respective demonstration projects. In fact, some key recommendations were immediately implemented in support of environmental protection, orderly urban growth and transportation (For more details on the impacts of these workshops, see Activity 1, "Accomplishments / Outputs in this Reporting Period").

Last September, capacity building activities were also undertaken through a two-week study tour to

Canada. Seven Paraguayans (top municipal and GDC officials, and CPMCP staff) participated. The program was designed to expose the participants to Canadian experiences in municipal strategic planning, local governance, solid waste management, tourism and economic development. The study tour took place in parallel with a study tour of members of the Parque Metropolitano de la Habana, the partner organization of CIDA-funded project in Cuba. This joint study tour successfully promoted South-South exchange of experiences and linkage-building between participants from the two countries.

A number of key activities are planned for the next reporting period (see updated workplan in Appendix A). Overall, the demonstration projects will continue to be implemented under the leadership of the Community Action Teams (EAC).

- Throughout the next reporting period, the EAC of Luque and Guarambaré will spearhead the implementation of the action plan and recommendations which were generated by their respective municipality in August as a result of the capacity building workshops on traffic planning and environmental impact assessment delivered by Mr. Carlos Salazar.
- In December, the municipalities of Luque and Areguá will receive technical assistance on tourism development. A Canadian specialist will deliver a series of capacity-building workshops on community tourism development, leading to the generation of a community tourism development action plan for each of the two municipalities.
- We will continue to emphasize the promotion of broader citizen participation, more intensive exchange of information between municipalities, and development of inter-municipal initiatives.
- During the next reporting period we will also work on consolidating strategic alliances with the diverse government levels, community organizations, NGOs and the private sector to expand the impacts of the project to other Paraguayan organizations and develop potential fruitful partnerships.
- Finally, the project intends to act as an information dissemination catalyst to help spread and consolidate the positive changes induced by the CPMCP. This is in response to increasing demand for information by partner municipalities and community organizations stemming from the momentum gained with the successful implementation of the demonstration projects.

For further detail on project accomplishments and planned activities, please see the following sections.

4. Accomplishments and Outputs in Relation to Planned Activities

Activity 1:
Establishing a process for the formulation and implementation of a strategic development plan in three municipalities within the Central Department

Accomplishments / Outputs in Previous Reporting Periods:

- ***CPMCP Commences.*** On May 1st, 1997, the CPMCP was formally launched at a ceremony on the shores of Lake Ypacaraí. Over 40 people attended the event, including representatives from:

CIDA's Americas Branch, the Canadian Embassy in Santiago, partner and participating agencies (GDC, CUI and the municipalities), other stakeholder and community groups and the media.

- ***CPMCP Project Office Established***. The project office was officially opened in June 1997 in Areguá within the immediate vicinity of our partner organization.
- ***Program Set-up***. This has included the setting up of telecommunication and information management infrastructure, as well as putting in place complementary project management systems in both Paraguay and Canada. To assist in the completion of project set-up, a CUI-Toronto staff member undertook an assignment to work with the CUI-Paraguay team over a two-month period in August-September 1997.
- ***Project Team Established***. A 12-person team is in place and working on the project. This includes a three-person CUI-Paraguay team (one Canadian Project Manager, one local Strategy Development Coordinator and one local Communications Coordinator), three professionals from the GDC's Secretariat of Environment and Urban Development (which includes the Director of the Office of Municipal Support), and the secondment of 6 municipal professionals (2 interlocutors from each participating municipality).
- ***Cooperation Agreement Signed***. On September 5, 1997, a multi-party cooperation agreement was signed between the CUI, the Governor of the GDC, and the Mayors and Councils of the three participating municipalities of Areguá, Guarambaré and Luque. This agreement outlines the scope of work, roles and contributions of all three parties in implementing the CPMCP. The signing ceremony received media attention.
- ***Strategic Planning Process Launched in Three Municipalities***. A strategic planning process was launched in each of the three municipalities -- Areguá, Guarambaré and Luque. With the participation and facilitation of a Canadian expert in strategic planning (Tim Murphy of IER), the first two sets of strategy sessions have been held. This was achieved through a series of 4 participatory and multi-stakeholder workshops. The following outputs of the strategic planning process were completed for each of the three municipalities during the previous reporting period:
  - ◊ ***Contextual Analyses*** -- profiles of each participating municipality which analyze current issues, identify factors and trends that will impact on the development of the strategic plan, and set some baseline data future monitoring and evaluative purposes.
  - ◊ ***SWOT Analysis*** -- a community-based analysis of "strengths, weaknesses, opportunities and threats" facing each municipality.
  - ◊ ***Vision of Success*** -- a process of creating a shared vision for the community and municipality.
  - ◊ ***Identification of Critical Issues*** -- an in-depth analysis of the key issues facing the municipality and how these issues are constraining the municipality/community from achieving its vision of success.

(It should be noted that Strategy Sessions One and Two were conducted in tandem with the second set of training workshops on strategic planning and public participation. Combined, over 120 people participated in the workshops held over a two-week period. The workshops were carried out in all three municipalities.)

- ***One Canadian professional undertook an assignment in the Central Department*** during August 1997 to: (1) reinforce the training of the municipal interlocutors in facilitation and team-building, (2) conduct training on strategic planning, and (3) conduct the first and second sets of strategy sessions.

- ***A Performance Evaluation was Conducted.*** During August and September of 1997, a joint evaluation of program set-up, project management systems and achievements to date was conducted in Paraguay jointly by the CUI (project management staff from the Canadian and the local office) and the GDC (together with the involvement of each of the three municipalities). The conclusions of the evaluation were: 1) project set-up has been completed successfully, 2) there is a high level of support for the project within the partner agency, the participating municipalities and other involved local agencies, 3) the project is on budget but was slightly behind schedule (given delays in finding qualified local staff and the greater effort than expected in project set-up). As an evaluative tool, the first version of the project's ***"Living Document" was produced*** to chronicle achievements.

- ***A Canadian specialist in municipal strategic planning undertook 2 assignments in Paraguay to provide technical assistance in the completion of the municipal strategic planning process in the three municipalities.*** William Trousdale of Vancouver-based EcoPlan International spent one month in the project during January-February 1998 and a follow-on assignment of two weeks during March-April 1998. He provided facilitation, advise, job coaching, training, analysis and technical assistance during the participatory process and in the formulation of the plans.

- ***Strategic planning process completed in the three municipalities.*** With the participation and facilitation of a Canadian specialist in strategic planning (William Trousdale), the third, fourth and fifth sets of strategy sessions were held. This was achieved through a series of participatory and multi-stakeholder workshops in each municipality. Building on the workshops conducted in the previous reporting period, the following steps were completed for each of the three municipalities:

    - ◊ ***Mapping the Community Stakeholders*** -- identifying the key actors in the community in the development and implementation of the strategic development plan.

    - ◊ ***Analyzing the Current Situation of the Municipality and the Community*** -- a baseline analysis of the current situation (social, economic, environmental, cultural, administrative) of each municipality, built upon the validation of the SWOT analysis conducted in the previous reporting period.

    - ◊ ***Creating a Vision for the Future of the Community*** -- establishing a future shared vision for improving the quality of life in the community.

    - ◊ ***Determining Strategic Objectives*** -- formulating a set of objectives aimed at achieving the vision.

    - ◊ ***Developing a Strategic Decision Framework*** -- developing a framework for making strategic decisions and determining needed strategic actions to achieve municipal development in line with the vision.

- ***3 Municipal Strategic Development Plans completed for Areguá, Guarambaré and Luque.*** Entitled *Planificación Estratégica -- Una Estructura Para la Toma de Decisiones Municipales*, these plans provide an extremely flexible and adaptable framework for making decisions based on a set of "strategic directions" for each municipality. This innovation in strategic planning was developed as a direct response to the unique Paraguayan local government context, wherein municipal priorities can fluctuate with changing leadership or staff. Rather than setting forth a traditional strategic plan with a comprehensive set of action steps, these framework documents

instead provide a powerful tool for making ongoing decisions within a broad strategic framework.. This will help to ensure future sustainability of the process.

- ***Initial Demonstration Project Designs completed for all three municipalities.*** During a series of multistakeholder workshops held in March 1998 in each of the municipalities, an initial design and plan of action for the demonstration projects was elaborated. The focuses were: 1) in Areguá, on the development of a sustainable, community-based tourism industry based primarily on a well-organized arts and crafts community/industry, 2) in Guarambaré, on the development of municipal and community skills in territorial planning, social and environmental assessment and, to a less extent, economic development in order to ensure the orderly development of the South Access Highway through the municipality, and 3) in Luque, on the promotion of economic development through the development of sustainable tourism initiatives through promotion of local artisans and taking advantage of the international airport as a strategic asset.
- ***3 Municipal/Community Actions Teams were established.*** These multistakeholder bodies with strong community representation assisted in conducting the final steps of the strategic planning process and now guide the implementation of the demonstration projects in each of the municipalities of Areguá, Guarambaré and Luque.
- A ***representative of the Canadian Embassy in Santiago undertook a program evaluation mission*** in October 1997.
- ***A performance evaluation of the project was conducted in December 1997 jointly by CUI-Toronto, the CPMCP Project Team and the program's four partner organizations.*** The conclusions of the assessment were that the project was maintaining a high level of support within the partner organizations and achieving impressive results in its first 8 months, but that the municipal strategic planning process was slightly behind schedule. During this time, a revised 6-month workplan was developed with a view to putting the project back on schedule by April 1998.
- ***An internal strategic planning process was initiated by the CPMCP Project Team.*** During this reporting period it has involved two events:
    - ◊ ***Project refocusing workshops held in November-December 1997*** to ensure that the learnings from the Canadian Study Tour were adapted to the project workplan and activities.
    - ◊ ***A strategic planning workshop held in March 1998*** to streamline the management and implementation of the project based on the experiences of year one.

Accomplishments / Outputs in this Reporting Period:

- ***CIDA program evaluation mission took place in May 1998,*** and was conducted by Andrée Potvin and Romy Peters. The delegation visited the GDC and the three municipalities involved in the project. The delegation found that the project was within schedule and achieveing planned results.
- ***A local project management transitional strategy was put in place*** to deal with the change in local project manager. For this purpose Dr. Tibor Frank visited Paraguay in May 1998. An outcome of implementing this strategy is that a Canadian specialist in economic development, Mr. Mario Gonzalez, is managing the project since the end of July. Together with a close monitoring of the CPMCP progress from Canada, he is spending approximately one month every

quarter in Paraguay for project management and technology transfer activities.

- ***Background research (case studies and best practices) was undertaken to support implementation of the three demonstration projects.*** The CUI office in Toronto conducted background research on transportation planning and environmental impact assessment to support the implementation of the demonstration projects of Luque and Guarambaré (August). As well, background research on tourism was done for the demonstration project in Areguá and Luque on tourism development. This material is now being used in the preparation of the workshops on tourism that will take place in December 1998.

- ***A Canadian urban management professional delivered capacity-building and technical training workshops.*** The GDC and the municipalities of Luque and Guarambaré were the main beneficiaries in the recent technology transfer assignment on transportation and territorial planning (Luque) and on urban expansion and environmental impact assessment (Guarambaré). Mr. Carlos Salazar of the Regional Municipality of Sudbury (Ontario) conducted workshops with the participation of the community, and advised the municipalities on municipal development strategies (see terms of reference and program in Appendix E). Through workshops and consultations with local authorities, an action plan with recommendations was generated for each municipality. Community members participated actively in the preparation of the workshop reports and in the design of the action plans and recommendations. The plans contain prioritized recommendations which should be implemented by each municipality and community throughout the remaining period of the project. The recommendations are technical guidelines to consider when implementing some of the actions specified in the plans. An immediate impact of this exercise in each municipality was the incorporation of new community members as volunteers in the Community Action Teams. Appendix B and C include details of Mr. Salazar's assignment.

- ***The implementation of the municipal demonstration projects was pursued*** as a continuation of the strategic planning process that took place in the first year of the CPMCP. While Areguá's Community Action Team (EAC) is actively building its demonstration project and preparing for the capacity building activities to come in December, the EAC of Guarambaré and Luque worked actively the implementation of their action plans generated from the technical training program completed in August (see above). In particular:

  - In July, the Guarambaré EAC organized public hearings on the social, economic and environmental impacts of the new South Access Highway that will cross through the municipality. Following the technical training program carried out by Carlos Salazar (Regional Municipality of Sudbury), the EAC of Guarambaré obtained almost immediately a municipal ordinance to declare a ten-meter buffer zone along the Southern Access highway as a "restricted area". This will help to plan future expansion of the way, and will help reduce the extension of air and water pollution by planting trees in the area. Also, this initiative will contribute to reducing the occurrence of vehicle crashing into the house line (these events occur too often in Paraguay due to the lack of physical barriers between houses and highways). Other actions being implemented by this Community Action Team include: cleaning campaigns in the city with the participation of school students (as part of their campaign for protecting/improving the urban environment), the design and presentation of proposals of ordinances to protect national heritage sites, search for funding to commission studies on urban expansion and environmental protection;

- In Luque, important progress was done in both the tourism and the transit planning demonstration projects. To promote tourism in Luque, the EAC decided to set up an exhibition stand at the Silvio Petirossi Airport to display local traditional handicrafts and eventually distribute tourist brochures on Luque which still have to be prepared by the EAC. On the transit demonstration project front, recommendations which emerged from the workshops delivered by Canadian specialist Mr. Salazar are being implemented. The Community Action Team is currently working on the redistribution of bus routes within the city, and on transit signalling in the urban core. The municipality has incorporated many of the recommendations from the workshops in the design of a transit plan for the city. The workshops in Luque provided the opportunity for the Asunción and Luque authorities to coordinate future training for local police in both municipalities.

- In Areguá, the EAC has pushed forward its demonstration project on community-based tourism. A number of initiatives were generated and some implemented during the last reporting period. Among them, a permanent exhibition of locally-made handicrafts and locally-produced fruits is being "revived" and set-up at the Areguá train station. This activity was prepared and implemented with the involvement of members of the Areguá Artisans Association and various community groups. This demonstration project enjoys special attention from new GDC governor Martín Sannemann who recognizes the GDC would benefit from having its capital city Areguá revitalized for tourism, in particular with respect to its heritage assets. Another initiative that was realized by the EAC during this reporting period is the design and conduction of a tourist survey for the municipality. Results are being compiled and a report will be prepared in the next reporting period..

Planned / Ongoing for the Next Reporting Period:

- ***The three demonstration project will continue being implemented and will receive technical support from the project to enhance their impacts:***

  - ***In December, a specialist in tourism development will assist each of the municipalities of Areguá and Luque*** to develop a community tourism action plan for the demonstration project. This specialist will also provide ad-hoc technical assistance to the GDC and the municipalities on tourism development policies and strategies.

  - ***The municipalities of Luque and Guarambaré will continue to actively carry out the numerous recommended actions*** which emerged from the technical training activities undertaken last August with Canadian specialist Carlos Salazar.

  - ***A second structured course will be given*** by a Canadian specialist on municipal development and decentralization in the first quarter of 1999 to the three municipalities and to the GDC. The course will focus on strengthening the professional capabilities of municipal officials in the fields of institutional planning and management, income generation strategies and municipal services provision.

- ***Consolidation of strategic alliances activities will be pursued*** to initiate or strengthen relationship with Paraguayan organizations such as the Secretaría Técnica de Planificación, the Council of Governors, and the participating municipalities. Furthermore, funding opportunities from organizations such as the World Bank and the Inter-American Development Bank will be explored for joint activities or for complementary projects in municipal development. For this purpose the CPMCP team will use the framework provided by the strategic development plans of

the three municipalities.

- ***Outreach and communications strategy will continue being implemented.*** This strategy will be updated in order to effectively pursue the approach of using an inclusive process of decision making in the CPMCP, and to promote ownership of the project and of its achievements by the organized community (neighbourhood committees, church committees, etc). The strategy will integrate the current newsletter production and alternative means to reach the community such as target group dissemination/discussion campaigns and use of existing radio programs.
- ***Local project management team strengthening will continue taking place.*** Using as a reference the CPMCP objectives, joint evaluations with the project partners and with target municipalities will be conducted in order to enhance project management practices. The CPMCP team is preparing a management implementation strategy for the remaining period of the project to ensure sustainability of achievements and increased local ownership of the project.

Activity 2:
Promoting stakeholder involvement in the three municipalities within the Central Department

Accomplishments / Outputs in Previous Reporting Periods:

- ***Multi-Stakeholder Steering Committee Formed.*** A 20-member Steering Committee (SC) was established to oversee the work of the project and to act as a participatory forum for providing strategic advice on its implementation. The SC consists of representatives from National Government development agencies, NGOs, Foreign Development Organisations, local entrepreneurs, regional authorities (the Governor of the Central Department chairs the SC), and the Mayors of the three participating municipalities. The first meeting was attended by over 20 members and it was given ample media coverage.
- ***Media Releases prepared on project activities at key milestones.*** A running list of media coverage is available.
- ***The first two sets of Strategy Development Workshops and the training workshops on strategic planning and public participation were conducted with significant involvement by community stakeholder groups.*** Over 120 people participated in the workshops held over a two week period. Information packages (in Spanish) were provided to all workshop participants.
- ***First issue of the project newsletter, "Ñande Tava Ypoty" (Guarani for "Our Blossoming Town") was publish and distributed in November 1997.*** It provided stakeholders with an overview of the project's purpose and activities, a status on the strategic planning process and capacity building activities, and insight into the learnings of the Paraguayan professionals during their 1997 study tour in Canada.
- ***A project refocusing workshop was conducted*** when Paraguayan professionals returned from Canada in November 1997. This workshop provided input into the formulation of a community awareness and involvement strategy for the CPMCP for the formulation of the strategic plans and the design of the demonstration projects.
- ***Convened second Steering Committee meeting*** (November 1997) to evaluate progress and strategic directions of CPMCP, have returning Paraguayan professionals report on their learning

experiences in Canada, and present the results of the first two Strategy Development Seminars: SWOT, vision of success and identification of critical issues.

- ***Convened third Steering Committee meeting*** (March 1998) to provide an update on activities and seek advice on future directions.
- ***Key stakeholder groups in each community identified and mapped*** in order to involve them in the strategy development process and the implementation of the demonstration projects.
- ***Implementation of public awareness and involvement campaigns in each municipality*** (e.g., consultations, workshops, education campaigns, newsletters and preparation of explanatory materials) related to the development of the strategic plans and the implementation of demonstration projects. Broad-based stakeholder involvement and community awareness and participation have been encouraged in the 3 municipalities, through existing neighbourhood committees and community groups.
- ***Stakeholders and community representatives were actively involved in workshops to elaborate the three municipal strategic development plans and the regional strategic***. A total of 268 stakeholders were involved in the parallel strategic planning processes in the three municipalities, and an additional 126 stakeholders in the process for the development of the regional strategic plan.
- ***The CPMCP was profiled in a feature article in the CUI's publication "The Urban Century"***, which is distributed to a multi-sectoral range of urban organizations and international development agencies not just across Canada , but also in the USA, Latin America, Southeast Asia and Europe.

Accomplishments / Outputs in this Reporting Period:

- ***Implemented community awareness and involvement strategy for the CPMCP.*** This strategy has been implemented using the training/capacity building activities within the demonstration projects, as well as through personal contacts with municipal stakeholders. The strategy has undergone review and the last CPMCP evaluation (August-September) resulted in a series of guidelines that are used in the design of an updated outreach and community awareness strategy.
- ***Produced the second project newsletter in June 1998*** (see Appendix F). This issue focuses on the strategic planning process that took place between November 1997 and June 1998, and the transition period from the design to the implementation of demonstration projects. It includes an article about the experience of the Canadian specialist, William Trousdale, who facilitated the strategic planning process in the last reporting period.
- ***Involved the community in the validation of the municipal strategic development plans.*** Successive participatory meetings conducted by the project management team were undertaken for the validation of the development plans.
- ***Involved stakeholders and community representatives in the development of action plans for the demonstration projects through meetings and other fora, as well as involved the community in their validation and implementation.*** Community involvement is being channelled through existing neighbourhood committees in all three municipalities, as well as mobilization mechanisms established in each municipality (e.g., via the Secretariat of Youth). Within the demonstration projects, the design and implementation plans were used to reach a

larger number of citizens, and to incorporate new community members in the Community Action Teams. The action plans have concrete proposals that affect directly or indirectly people in the community, therefore "waking up" the participatory interest of the population. Environmentalists, school teachers, land owners are among the people that are increasingly participating in the project in Guarambaré. In Luque, school teachers, public transportation vehicle owners, the transit police, artisans and community members at large are working with the Community Action Team. Areguá's population counts on a large number of artists and artisans. It is therefore expected that as the demonstration project evolves, more members of this group will incorporate actively in community actions.

- ***Convened fourth Steering Committee meeting***. The fourth local Steering Committee meeting took place on July 17th, 1998. CPMCP team received useful advice and recommendations for future work. This meeting was used to present the advances made on the CPMCP Strategic Planning, and to receive valuable feedback for the implementation of the demonstration project phase.

Planned / Ongoing for the Next Reporting Period:

- ***Implementation of the outreach and communication strategy will continue.*** The CPMCP management team will complete the evaluation of the current strategy and will integrate new dissemination/participation initiatives with current outreach activities and practices such as the newsletter, meetings and individual contacts. Content and schedule of the remaining newsletters until the end of the project will be defined with project partners. Newsletter # 3 (December 1998 issue) will focus on the capacity building and technical training provided by Canadian specialist Carlos Salazar to the municipalities of Luque and Guarambaré and newsletter #4 (February 1999 issue) is planned to give particular attention to the progress of the demonstration projects in Areguá and Luque on community tourism development.
- ***Community awareness and educational materials will be produced in support of demonstration project implementation in each of the municipalities.*** This will be a key output from the updated Outreach and Communication strategy. The management team will seek the participation of private organizations and NGOs working with the community to optimise outreach and seek cost efficiency.
- ***Quarterly Steering Committee Meeting will be convened.*** The fifth Steering Committee meeting will take place in December and this will be an opportunity to seek strengthening of the participation of community-based organizations in the strategic direction of the project.

Activity 3:
Upgrading technical and organisational skills in three municipalities within the Central Department.

Accomplishments / Outputs in Previous Reporting Periods:

- ***Two Series of Training Workshops (Modules) Were Held:***
  - ◊ The ***first training module*** (which included 21 workshops) was delivered by the former

CPMCP Project Manager John Murchison. It introduced ***techniques in strategic decision-making, group facilitation and team building***. These workshops were held with CPMCP Project Team members, key professionals in the GDC, and officers and councillors from each of the three participating municipalities. 7 workshops were conducted in each of the participating municipalities of Areguá, Guarambaré and Luque with over 30 people participating in total. Each municipality undertook its own mock strategic planning exercise, developing their own vision, obstacles to the vision, strategic directions and potential action plans. The core group in each municipality consisted of the *interlocutors* from all three municipalities, substitute *interlocutors*, municipal staff and Municipal Board councillors. Special attention was given in training the *interlocutors* as facilitators and working in teams. Training manuals (in Spanish) were distribute to all participants. The training workshops also included the participation of *CPMCP* Communications Co-ordinator and representatives from the OMS.

- ◊ The ***second training module*** (which included 4 workshops) was delivered by Canadian consultant Tim Murphy of IER Planning and Research. It provided an in-depth ***introduction to strategic planning and management (concepts, process orientation, approaches and tools/techniques) and methods of public participation in planning***. A training manual and training materials in support of the workshops were prepared and distributed to all participants. (It should be noted that these trainings were conducted in tandem with Strategy Sessions One and Two. Combined, over 120 people participated in the workshops held over a two week period. The workshops were carried out in all three municipalities.)

- ***Five Paraguayan professionals undertook a two-week study tour and training program in Canada.*** The professionals included the Secretary of Environment and Urban Development for the GDC, the three interlocutors from the municipalities of Areguá, Guarambaré and Luque, and the CPMCP Strategy Development Coordinator. The study tour concentrated primarily on Canadian experiences in local governance, inter-governmental cooperation, strategic planning, land use planning and development control, environmental management, tourism and economic development, developing airports as strategic economic assets, community-based solid waste management, and environmental remediation of lakes. Participating municipalities in Canada have been chosen based on the similarity of challenges facing them, and the innovative approaches they have developed to solving such problems. The CPMCP Strategy Development Coordinator remained in Canada for a third week of training on project and financial management and on strategic planning.

- ***Experience sharing activities were undertaken by Paraguayan professionals on their learnings in Canada***. This included the holding of workshops in each municipality and the GDC, the sharing of written materials and documentation collected in Canada, writing of trip reports and the showing of a video taken during key workshops in Canada. These activities were undertaken in November and December 1997 upon the group's return to Paraguay from Canada.

- ***The "Third Training Module" on Strategic Planning was delivered in Paraguay to professionals in all three municipalities and in the GDC.*** During the course of finalizing the strategic plans for each municipality and for the GDC, key professionals in the partner organizations completed their training on strategic planning. This training, which was delivered during the period of January through April 1998, was conducted by CUI Associate William Trousdale , President of Vancouver-based EcoPlan International (a firm specializing in

municipal strategic planning, community involvement, environmental planning, economic development and tourism development). The training was delivered by way of workshops, individual coaching, training materials and "learning by doing" (i.e., assisting municipal professionals to conduct their own strategic planning process).

Accomplishments / Outputs in this Reporting Period:

- ***Ongoing support and informal training on project implementation was provided by the two local project coordinators*** to the each of the three Community Action Teams (EAC). Regular meetings were conducted with EACs where advices were given to its members on how to effectively implement the demonstration projects within the strategic decision framework they had developed in the previous reporting period.
- ***A series of workshops and discussion meetings were conducted by a Canadian specialist for the municipalities of Luque and Guarambaré, the GDC and community representatives from neighbouring municipalities.*** The focus of these training activities was urban planning, transportation planning and environmental/social assessment. Municipal officials from the participating municipalities and from non-participating municipalities such as Asunción and Fernando de la Mora benefited directly from the workshops. Municipal authorities held discussion meetings with the Canadian specialist to exchange information and experiences in municipal development policies. Authorities from the GDC, and from the participating municipalities benefited from these discussions. The Canadian specialist provided examples of development policies utilised in Canada, and suggested alternative approaches to overcome local development challenges these municipalities are facing.
- ***The second Canadian Study Tour took place in September 1998*** to examine Canadian experiences and models in municipal strategic planning, local governance, solid waste management, tourism and economic development. The new Governor, the Secretary of the Departamento Central and top municipal authorities from the three participating municipalities travelled to Canada for broad and intense training and experience sharing with Canadian organizations and urban professionals. The event took place parallel to a study tour for Cuban delegates from another CUI CIDA-funded project in Cuba, allowing South-South experience sharing.
- ***Technical advising to GDC and local authorities will be provided on municipal development strategies.*** The new Canadian project manager (Mr. Mario González) undertook a series of sessions with municipal and departmental authorities to review options for enhancing support to selective municipal management needs. This activity took place in combination with the provision of professional advice from Canadian specialist Carlos Salazar on municipal development.

Planned / Ongoing for the Next Reporting Period:

- ***Experience sharing activities will be undertaken by Paraguayan officials on their learnings in Canada upon their return to Paraguay***. The mayors of the three participating municipalities and the GDC will be presenting to the community their learning experience in Canada during the September 1998 study tour via regular municipal meetings.
- ***Capacity building activities on community tourism development will take place*** in December.

A Canadian specialist in community-based tourism development will visit the project in to conduct capacity building activities for the municipalities of Luque and Areguá. This specialist will also provide ad-hoc technical assistance to the GDC and the municipalities on tourism development policies and strategies.

- ***A Canadian specialist will deliver a second structured course on municipal development and decentralization*** in the first quarter of 1999. The course will focus on strengthening the professional capabilities of municipal officials in the fields of institutional management, income generation strategies and municipal services provision.
- ***Closer collaboration with other Canadian organizations will be sought to complement support to the participating municipalities*** in decentralization and in local government capacity strengthening. The Environmental Management Secretariat (EMS) funded by IDRC, to which the CUI was invited to become a member, will be approached by the CPMCP management team because it can potentially fund the conduction of studies or projects that fall beyond the reach of this project, but that are of a great support for ensuring adequate policy making and reinforcing in these municipalities.

5. Other Program Activities

5.1 Unanticipated Project Achievements

Strategic Planning Workshops Conducted with Local Health Councils. At the request of the OMS, CUI-Paraguay conducted a series of 5 strategic planning workshops with the Local Health Councils of the municipalities of Luque and Villa Elisa. The workshops, although not one of the proposed activities of the program, support the goal and purpose of the CPMCP. The devolution of decision-making powers and funding to Local Health Councils, which are under municipal jurisdiction, are a major part of the National Government's decentralisation program. The purpose of the workshops was to strengthen the ability of the Councils to make decisions by leading them through a strategic process in which members defined a mission, strategic directions and priority actions. Council members developed a greater understanding of the power of consensus building in the decision-making process. Through this action learning process, council members were also transferred skills related to strategic planning, team building and group facilitation. Both Councils now have workplans in place and have taken steps to implement local health care policies.

A Regional Strategic Plan Formulated for the Central Department. At the request of outgoing Governor Wagner, the CUI provided technical assistance and facilitation in the development of a regional strategic plan for the GDC. The plan is entitled *Direcciones Estratégicas para el Nuevo Milenio -- Departamento Central* is the first regional strategic plan created in Paraguay. It was formulated over a two-week period in January 1998 through a series of participatory workshops and consultations with representatives of government from all three levels active in the region (national, departmental and municipal), non-governmental organizations and private enterprise. The process involved a six-step process: 1) mapping of stakeholders in the regional planning process, 2) analysis of the regional situation, 3) developing a regional vision, 4) developing strategic objectives, 5) formulating a set of strategic actions to achieve the objectives, and 6) preparing the draft strategic

plan. The strategic plan will serve to guide regional development in the GDC to the next millenium in the areas of community participation, social services, small and medium sized enterprise promotion, culture, education, decentralization, natural resources and land development, intergovernmental cooperation and the environment. The draft plan is attached as Appendix D.

Support to El Niño Emergency Planning and Response. During the flooding in November-December 1997 caused by El Niño in Paraguay, the CUI provided technical advice and cooperation in emergency planning and response activities coordinated by the GDC with its constituent municipalities. This included discussing the need for more comprehensive and integrated planning, including on a watershed basis.

Complementing municipal capacity building with activities by other organizations. *Transparencia Internacional*, an international network of NGOs, organized in June a series of workshops to promote accountability and corruption elimination. Municipal and GDC interlocutors participated in this activity thanks to the initiative of the CPMCP office in Paraguay. Also, thanks to the information from the CPMCP office in Paraguay municipal interlocutors participated in a teleconference organized by the USIS in June on *Education and Democracy in Developing Countries.*

Support to local initiatives search for funding. The CPMCP has distributed to community organizations information on the Canadian Local Initiatives Fund to mainly support projects with a strong gender-oriented component. The Community Action Teams were used as vehicles for disseminating the corresponding information. Similarly, the CPMCP office in Paraguay distributed information on the Environmental Management Secretariat (EMS) funded by IDRC. This Secretariat funds small-scale environmental projects put forward by local organizations.

The Regional Strategic Plan has been adopted by the new Central Department administration. At the request of the former Governor Wagner, the CUI provided technical assistance and facilitation in the development of a regional strategic plan for the GDC in January 1998. The plan entitled *Direcciones Estratégicas para el Nuevo Milenio -- Departamento Central* is the first regional strategic plan created in Paraguay, and was incorporated to the new Central Department administration development strategy.

5.2 Linkages

Linkages with Paraguayan Authorities, Organizations and NGOs:

In addition to our partner organization and participating municipalities, the following Paraguayan organizations are active in the CPMCP Steering Committee:

- Alter-Vida (Paraguayan NGO -- which focuses on ecological, environmental and community issues -- working on development projects in the Central Department on solid waste management and development of the potters industry, as well as projects elsewhere in the country)
- ASEDEC

- Azucarera Vaezken and Azucarera La Felsina (two large sugar processing industries in Guarambaré)
- C.A.R.As (Centro de Aregueños Residentes en Asuncion -- an organization of Areguán landowners living in Asuncion, many of which own heritage homes)
- CONAVI (National Housing Council), Government of Paraguay
- CORPOSANA (an agency supplying water and domestic waste disposal services to communities and cities)
- Cura Párroco de Luque (Roman Catholic Parish Council in Luque)
- Fundación la Candelaria
- Instituto de Desarrollo Municipal (IDM) (an arm's-length government institute responsible to the Ministry of the Interior, with a mandate to provide technical, administrative and financial support to Paraguayan municipalities)
- Ministry of Industry and Commerce, Government of Paraguay
- Ministry of Public Works and Communications, Government of Paraguay
- Moises Bertoni (Paraguayan NGO involved in environment, democracy and citizen participation projects)
- SENASA (National Environment and Health Service), Government of Paraguay
- SEURT (Society for Urban, Regional and Territorial Studies -- a Paraguayan planning think tank)
- Technical Planning Secretariat, Ministry of the Presidency, Government of Paraguay

Linkages With International Agencies Active in Paraguay:

The following international agencies are represented on the CPMCP Steering Committee:

- GTZ (German Development Agency)
- USAID (US Agency for International Development)

Linkages With Canadian Organizations:

To date linkages have been made with the following Canadian organizations:

Public Sector:

- Canadian Council for the Americas (CCA)
- City of Burlington
- City of Peterborough
- City of Port Colbourne
- City of Toronto (Municipality of Metropolitan Toronto and City of Scarborough, now amalgamated into the new City of Toronto)

- City of Vaughan
- Hamilton Harbour Remedial Action Plan Program Office and the Canada Centre for Inland Waters
- International Development Research Centre (IDRC)
- National Capital Commission
- Regional Municipality of Hamilton-Wentworth
- Regional Municipality of Sudbury
- Regional Municipality of York
- Town of Niagara-on-the-Lake

Private Sector:

- Best Practices Consulting
- Dillon Consulting
- Ecoplan International (Vancouver)
- IER Planning, Research and Management Services
- Inniskillin Wines Inc.
- Tradeport International Corporation (Hamilton International Airport)

Academic, Non-governmental and community sector:

- Canadian Canoe Museum
- Centre and South Hastings Waste Recycling Board
- Evergreen Foundation
- ICLEI (through use of their Local Agenda 21 Planning Guide)
- Ryerson Polytechnic University
- Taskforce to Bring Back the Don
- United Way of South Niagara

6. Status of Program's Risks

This following section provides an update on risks to the implementation of the CPMCP and commentary on the mitigation (if any) of these risks.

6.1 Political Risks

- ***Transition period between May 1998 General and Departmental Elections, and August change of government administration could destabilize the CPMCP.*** The political support to the project during this period remained high. However, due to the intense political activity in this period the CPMCP limited their availability for coordination with the CPMCP. Governor Wagner left the GDC in March to become a candidate for a place in the National Parliament, and left the interim administration to Mr. Guapi who did not enjoy the support of his own party members. The necessary attention to the project returned slowly but strong with the inauguration of a new (also Liberal) GDC administration under Governor Sannemann.

  Risk Analysis and Mitigation: Special attention has been paid to ensuring that the CPMCP has a strong professional, plural, apolitical and multi-stakeholder orientation that could offset this potential situation: 1) The CPMCP has demonstrated its non-partisan stance by working in municipalities with leaderships from different parties, 2) there is a broad political and professional representation in the Steering Committee, including national government officials, 3) the orientation of the project towards capacity development of municipal professionals will help to gain acceptance of the program by any new administration at the departmental level, and 4) the current term of municipal governments goes beyond the life of the CPMCP, ensuring continuity at that level.

- ***Given Paraguay's legacy of a centralised government, the trend toward decentralisation*** has many detractors at the national government level and even among the local populace.

  Risk Analysis and Mitigation. Young professionals are now occupying positions of importance in the National Government and they tend to support decentralisation as an important part of the democratic process. Decentralization is gaining momentum in the country, with a growing trend to decentralise in the field of public health and education. Furthermore, in the GDC, there is a growing expectation of local communities to have a voice in local governance that is causing a "bubbling up" from below of support for decentralization.

- ***Political Rivalries*** at the municipal level and between the GDC and local governments could lead to the disruption of support programs generated by the Central Department.

  Risk Analysis and Mitigation. Building on the accomplishments of former Governor Wagner, the new administration in the GDC is working well with all political parties. The CPMCP, operating through the Office of Municipal Support of the GDC, has been successful in launching and commencing implementation of the program in three municipalities under the leadership of different political parties or political factions of the same party. The CPMCP also receives strong support from the Mayors and Juntas (councils) of the three municipalities. In fact, other municipalities within the GDC noticed the benefits of the program and have made requests to be included in any expansion of activities to other municipalities in the Central Department.

6.2 Socio-Economic Risks

- ***There is a limited tradition of public participation in planning and consensus-based approaches to decision-making.***

  Risk Analysis and Mitigation. Participatory planning therefore must be approached cautiously and with a high degree of public awareness raising activities. A great deal of effort will be needed through the project's capacity development activities and community development work

to bring about this shift in the practice of local governance. In recognition of this, the project has identified and mapped key stakeholder groups, including the setting up within the Central Department of a registry of NGOs working in the department and their corresponding projects, with a view to have as broad a base as possible for involvement.

- ***Lack of coordination amongst local NGOs and local authorities on development programs in the Central Department*** are causing unnecessary overlap, duplication, inefficiency of effort, and in some cases friction and distrust.

  Risk Analysis and Mitigation: The GDC, as outlined above, has mapped all NGO and NGO-led development projects under way in the Central Department. Initiatives are under way to establish more collaborative, cooperative and complementary relationships and programming.

6.3 Institutional Risks

- ***Municipalities are constrained by the lack of revenue generation powers and receive only limited funding from the National Government.*** This has implications for the implementation of the CPMCP and, in particular, the upcoming demonstration projects.

  Risk Analysis and Mitigation. The proposed program and its corresponding activities therefore must be kept simple and affordable, with a focus on strengthening the efficiency and effectiveness of urban management practices in light of limited resources. Coordination of the CPMCP with other development programs is a goal. Later in the CPMCP, sourcing additional funding from other agencies to help in the implementation of pilot projects will be necessary. Special care will need to be taken to keep project activities at an affordable level for participating local authorities while at the same time guaranteeing a high quality process.

- ***There is a limited tradition in Paraguay of intergovernmental cooperation.*** Development programs introduced in the past by the National Government have often been at odds with locally identified needs, or beyond the capacity of the municipalities to provide the necessary support services.

  Risk Analysis and Mitigation: This was an important consideration in the design of this program, and will continue to be so during its implementation. The CPMCP is placing a strong emphasis on inter-governmental cooperation both horizontally (between municipalities) and vertically (between municipalities, the GDC and even the national government).

- ***Lack of professional working environment, high turnover and security of tenure at the municipal level.*** Senior professional municipal staff are overworked (due to shortage of qualified personnel) and underpaid (due to limited municipal resources and partly due to the large number of supernumeraries being carried on the municipal rolls). Municipal professional staff also do not have security of tenure in their posts, and can be easily removed at the volition of the Mayor. Moreover, there is high turnover at the municipal level as low salaries do not provide incentive for employees to stay for long periods of time. All of these factors may impact the ability of the CPMCP to build professional capacities at the municipal level.

  Risk Analysis and Mitigation: Improved municipal tax revenues would go a long way to paying market rates for qualified professionals seeking to develop a municipal career. Similarly, legislation to ensure the tenure of local government officials beyond the term of any administration would help to guarantee continuity and a more professionally oriented public service. In reality, neither of these two initiatives are likely to occur in the short or medium term

in Paraguay. Therefore, in the immediate term, the CPMCP will need to find innovative ways to maintain a continuity of municipal professionals involved in the program and to ensure the sustainability of the capacity development delivered. To achieve this, the program is experimenting with providing results-based honoraria to municipal interlocutors. The program is also reaching beyond the scope of the municipality to provide training to key community representatives. The active engagement of the community in the strategic and community-based processes will help to ensure continued municipal support and commitment to the program (and thereby its longer term sustainability).

Appendix A:

UPDATED PROJECT WORKPLAN FOR NEXT REPORTING PERIOD (OCTOBER 01, 1998 – MARCH 31, 1999)

Appendix B:

MUNICIPALITY OF GUARAMBARÉ

"ACCESOSUR: OPORTUNIDADES Y DESAFÍOS PLAN DE ACCIÓN Y RECOMENDACIONES"

These Action Plan and Recommendations aim at supporting a participatory approach in policy making in Paraguay, by means of transferring Canadian technology in municipal development and decentralization to the municipality of Guarambaré. This document was produced by a team including citizens of the Guarambaré community, municipal and CPMCP staff members, and the Canadian specialist Mr. Carlos Salazar who conducted the exercise.

August 1998

Appendix C:

MUNICIPALITY OF LUQUE

"HACIA UN PLAN DE ORDENAMIENTO TERRITORIAL Y DE TRÁNSITO: RECOMENDACIONES"

These Recommendations aim at supporting a participatory approach in policy making in Paraguaythrough the transfer of Canadian technology in municipal development and decentralization to the municipality of Luque. This document was produced by a team including citizens of the Luque community, Municipal and CPMCP staff members, and the Canadian specialist Mr. Carlos Salazar who conducted the exercise.

September 1998

Appendix D:

PROGRAMME
CPMCP IN-CANADA TRAINING AND STUDY TOUR
SEPTEMBER 1998

Appendix E:

CANADIAN SPECIALIST ON ENVIRONMENTAL IMPACT ASSESSMENT AND TRANSPORTATION PLANNING FOR AN ADVISORY MISSION IN LUQUE AND GUARAMBARÉ:
Terms of Reference and Agenda
AUGUST - SEPTEMBER 1998